

WINE TAX
RCW 66.24.210

Tax Base Wine sold to wholesalers, the Liquor Control Board or directly to consumers on the winery premises. (NOTE: consumers also pay retail sales tax, including wine in the original container and wine consumed on-premises.)

Tax Rate

Table wines: \$0.2267 per liter

- \$0.2025 per liter (RCW 66.24.210(1));
- \$0.0142 per liter (7% surtax, RCW 66.24.210(2)); and
- \$0.01 per liter (RCW 66.24.210(4)).

Fortified wines: \$0.4511 per liter (more than 14% alcohol by volume)

- \$0.2025 per liter (RCW 66.24.210(1));
- \$0.0142 per liter (7% surtax, RCW 66.24.210(2)); and
- \$0.2344 per liter (RCW 66.24.210(4)).

Cider: \$0.0809 per liter (table wines with alcohol content between 0.5% and 7.0% by volume made from apples or pears)

- \$0.0359 per liter (RCW 66.24.210(1));
- \$0.0025 per liter (7% surtax, RCW 66.24.210(2));
- \$0.0018 per liter (RCW 66.24.210(4)); and
- \$0.0407 per liter (RCW 66.24.210(5)).

Levied by State

Recent Collections (\$000)

<u>Fiscal Year</u>	<u>Collections</u>	<u>% Change</u>	<u>% of All State Taxes</u>
2001	\$15,235	0.5%	0.1%
2000	15,163	(1.5)	0.1
1999	15,400	3.4	0.1
1998	14,887	7.0	0.1
1997	13,914	3.5	0.1
1996	13,449	4.9	0.1
1995	12,817	1.0	0.1
1994	12,691	0.8	0.1
1993	12,585	(4.8)	0.2
1992	13,225	(1.0)	0.2

Distribution of Receipts

- (1) Basic tax of 20 cents per liter (3.59 cents for cider); receipts go to the liquor revolving fund from which expenses of the Board are first funded and then any excess funds are distributed on a quarterly basis per RCW 66.08.190 as follows:

0.3% to certain border cities and counties for law enforcement costs;

99.7% distributed as follows:

50% state general fund;
10% all counties on the basis of unincorporated population;
40% all cities on the basis of population.
- (2) 0.25 cents per liter for all wine; receipts distributed quarterly to Washington State University for wine and grape research per RCW 66.08.180(6);
- (3) 1.42 cents per liter (0.25 cent for cider); receipts from the 7 percent surtax go to the state general fund; RCWs 66.24.210(2) and 82.02.030;
- (4) 1 cent per liter for table wines, 23.44 cent per liter for fortified wines, and 0.18 cents for cider; receipts go to the violence reduction and drug enforcement account per RCWs 66.24.210(4) and 69.50.520; and
- (5) 4.07 cents per liter for cider; receipts go to the health services account; RCW 66.24.210(5).

Administration Liquor Control Board. Wholesale purchasers of wine report the tax on a monthly basis; the payment is due by the 20th day of the following month.

Exemptions and Refunds

- Exemption for sales to the Armed Forces;
- Exemption for wine shipped in bulk between wineries, RCW 66.24.210(1); and
- Refund for tax paid on unsalable wine that is destroyed, RCW 66.24.305.

History

The wine tax was established in 1935, one year after the beer tax. The initial rate was 10 cents per gallon and wine was also subject to the 10 percent liquor sales tax. In 1969 direct importation of wine from other states was allowed (previously wine was only obtainable through the Liquor Control Board). Wine was removed from the 10 and 15 percent liquor sales taxes but subject to a special 26 percent excise tax, in addition to the 10 cent gallonage tax. In 1973 the 26 percent tax was repealed but the 10 cent tax was increased to 75 cents. In 1981 the tax was converted to the metric basis and the basic rate of 20.25 cents per liter was established. The surtax for the general fund was added in 1982. The additional one-quarter cent tax for the wine commission was established in 1987 and was scheduled to expire in 1993 but in that year it was extended until 2001. The additional rates of 1 cent and 23.44 cents for funding of drug programs were adopted in 1989. They were scheduled to expire in 1995, but in 1994 the Legislature and the voters made this tax permanent. The separate tax rates for cider wine were established in 1996.

Discussion/Major Issues

As with other alcoholic beverages, there may be concern that the tax burden imposed by the state and federal government could be excessive. Many wineries have been established in Washington in recent years, and this has been a bright spot in Washington's agricultural economy. Some of the wineries are small, family-operated enterprises. There may be concern that the tax burden could be inhibiting further development of this industry.